

The Deal Pipeline[®]

American Tower still on the hunt for acquisitions

by [Chris Nolter](#) | Published September 9, 2013 at 9:38 AM ET



The \$4.8 billion purchase of Global Tower Partners will not prevent American Tower Corp. from pursuing other targets, Chairman and CEO Jim Taiclet said during a Friday, Sept. 6, investor call. The company's leverage could make large purchases more difficult for the coming year or so, however.

"This is a significant strategic milestone for American Tower," Taiclet said regarding M&A, "but its definitely not the end of the road."

The Boston wireless infrastructure company would consider funding deals with equity or leverage, he added.

American Tower is paying Global Tower backers

Macquarie Infrastructure Partners, Dutch pension fund manager PGGM and company management \$3.3 billion in cash and assuming \$1.5 billion in debt.

Evercore Partners Inc. analyst Jonathan Schildkraut valued the deal at 17.8 times Ebitda, a bit less than the 19.8 times Ebitda that rival Crown Castle International Corp. paid T-Mobile USA Inc. for 6,400 towers last year.

Still, Schildkraut wrote in a Friday report that the post-merger leverage of 5.8 times Ebitda could hinder American Tower's pursuit of large portfolios, such as AT&T Inc.'s towers.

"With [American Tower] now tied up with the [Global Tower] transaction, we believe [Crown Castle] moves to the driver's seat for a potential AT&T tower transaction," he wrote.

US Cellular Corp., which has been shedding assets, also has towers that it could bring to market.

Global Tower Partners is the largest privately owned tower operator in the U.S., with 5,400 domestic towers and another 500 in Costa Rica, among other assets.

The deal comes as wireless carriers are deploying Long-Term Evolution, or LTE, wireless networks.

American Tower estimates that it will take the telecoms 8 to 10 years to build the fourth-generation wireless broadband networks.

Taiclet compared the Global Tower purchase to American Tower's \$3.8 billion purchase of SpectraSite Inc. and its 7,800 towers.

"Back in 2005, we led the initial wave of consolidation in the U.S. tower sector by merging with SpectraSite," he said.

"We believe we are in a similar position with the [Global Tower] assets," he added, regarding the growth and margin profile of the business.

Taiclet did not specifically state that there had been an auction for Global Tower, but implied that there was competition for the asset.

"The thing that helped us emerge as the winner on this particular transaction is our strong balance sheet," he said.

Including its cash and its revolver, American Tower has over \$3.7 billion in liquidity that it could use to fund the deal. The company also said it could tap the capital markets.

American Tower received financial advice from Goldman, Sachs & Co. and Reuben Daniels and Craig Orchant of EA Markets Securities LLC.

John Graham of Clifford Chance US LLP and Sullivan & Worcester LLP lawyers Ameer Ponda, David Kaplan and Brian Hammell provided counsel to the buyer.

Global Tower retained Bob Kitts, Malcolm Morris and John Vann of Deutsche Bank Securities Inc., and Simpson Thacher & Bartlett LLP lawyers David Lieberman, Brian Chisling, Matthew Rogers, Misan Ikomi, Luis Pellerano and Jonathan Stradling.